



FOR CLERK USE ONLY

City Council

Item No. 17

CITY COUNCIL AGENDA

FACT SHEET

Utility Services

Department

July 20, 2010

Requested Date

1. Request:

Council Approval

☒Information Only/
Presentation☐

Other (specify)

☐

Hearing

☐

2. Requested Action:

Authorize City Manager and City Clerk to Post and Publish the attached Request For Proposal for Development Teams to propose to assist the City in analyzing, developing, constructing and operating a new toll system to be established at the Calexico/Mexicali Port of Entries

3. Fiscal Impact:

Revenue

Increase

☐

Source:

Decrease

☐

Amount:

Cost:

Increase

☐

Source:

Decrease

☒

Amount:

4. Reviewed By:

Finance Dept. on _____

Comments:

By: _____

City Attorney on _____

Comments:

By: _____

Note: Back up must be submitted along with this form. Deadline is 5:00 p.m., Tuesday, prior to the scheduled meeting date.

CLERK USE ONLY:

CITY COUNCIL DATE:

Action

☐

Consent

☐

Hearing

☐

Filing

☐

Presentation

☐

Other (specify)

☐

Reviewed by: City Clerk _____

Date _____

City Manager _____

Date _____

CITY COUNCIL AGENDA REPORT

SUBJECT: Authorize City Manager and City Clerk to Post and Publish the attached Request For Proposal for Development Teams to propose to assist the City in analyzing, developing, constructing and operating a new toll system to be established at the Calxico/Mexicali Port of Entries

AGENDA DATE: July 20, 2010

PREPARED BY: Luis Estrada, Director of Utility Services



APPROVED FOR AGENDA BY: Victor Carrillo, City Manager

RECOMMENDATION: It is recommended the City Council approve the following:

1. Authorize City Manager and City Clerk to Post and Publish the attached Request For Proposal for Development Teams to propose to assist the City in analyzing, developing, constructing and operating a new toll system to be established at the Calxico/Mexicali Port of Entries

FISCAL IMPACT: The Request for Proposal specifies that no costs are to be borne by the City in the investigative process. It will require the proposing development teams to agree to pay for a feasibility analysis, such feasibility consultant to be chosen by the City. The cost may be recovered by the successful Proposer from the operation of the toll enterprise, if, or when, such enterprise is implemented. Furthermore, if the analysis indicates a sufficient benefit to the City and such system is approved by the Council, it is anticipated that a Private/Public Partnership will be established and no costs or capital will be incurred by the City. All improvements would be paid or financed by the successful Proposer. However, the improvements will be owned by the City and leased to the successful Proposer, or, if owned by the Proposer during the period of operation subject to a Private/Public Partnership agreement, deeded to the City at the end of the agreement term at no cost to the City.

BACKGROUND INFORMATION: (Prior action/information)

City staff, considering all alternatives to remedy the City's difficult financial position, found that certain capital and operating costs of other border cities are being defrayed by the collection of tolls for automobile, commercial vehicle and pedestrian traffic. As a result, a group of City officials and private parties recently toured such facilities in El Paso, Texas (as described by the attached memorandum from City Manager, Victor Carrillo). The City of El Paso has operated its toll facilities since the mid 1960's. Based on the findings of the contingent sent to El Paso, a next step is being recommended.

DISCUSSION (Current consideration):

With the City of El Paso being the model, Calxico officials found the number of crossers each day similar. Such statistics are included in the booklet delivered to each Council

Member. The significant difference is the population of each host City. The City of El Paso is roughly 750,000 permanent, and of course Calexico roughly 42,000. Therefore, El Paso has roughly 30 persons in its permanent population supporting the infrastructure improvements and public safety costs for every daily crosser; Calexico has roughly 1.5 persons supporting such costs. The median income of each City is approximately the same, just under \$40,000. Therefore, El Paso has TWENTY TIMES the permanent population resources to defray the costs of providing public services for border crossers. The El Paso toll system collects roughly \$17 million annually. Such amounts are allocated to its various enterprises, water, sewer, parks etc, and last year contributed roughly \$9 million to its General Fund. These amounts are net after paying for the system improvements and its operations. Moneys from the toll system do not have to be shared with the federal government, the State, or the County (not the case if implemented at the new Calexico East facility on County property). It is anticipated that the new facilities being developed by the GSA will have greater and modern "creature comfort" facilities. However, it may be necessary to complement those facilities with additional capital improvements to be developed by the City to make the daily crossing a more pleasant experience. Programs could be implemented to integrate transportation systems. Other considerations may include cooperation with retailers and other services provided within Calexico to offset the toll cost for crossers purchasing goods or services.

ATTACHMENTS:

- 1) Mission Booklet used by Calexico Tour Group
- 2) June 25th Memorandum from Victor Carrillo describing the findings of the Tour
- 3) Form of the Request For Proposals

Agenda Item No. ____

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Victor M. Carrillo

From: Victor M. Carrillo [victormcarrillo@calexico.ca.gov]
Sent: Friday, June 25, 2010 3:54 PM
To: 'Davidouzan2004@hotmail.com'
Cc: 'jmoreno@calexico.k12.ca.us'; 'dromero@calexico.ca.gov'; 'ghermosillo22@calexico.ca.gov'; 'castro.luisj@gmail.com'
Subject: Visit to El Paso, Texas

The Honorable Mayor and City Council:

Thursday morning, June 24, 2010, city officials Mayor Pro-Tem John Moreno, Utilities Director Luis Estrada, City Manager Victor Carrillo and a group of consultants traveled by private jet to El Paso, Texas, to see first-hand the existing international toll located over the Rio Grande River separating El Paso and Ciudad Juarez, Chihuahua, Mexico. The three toll bridges of the four international bridges are part of the four Ports of Entry that serve the area. The purpose of the visit was to witness the similarities of their border region, learn about the dynamics of the toll bridge operations, question government and city officials as to the efficacy of the system and what positive fiscal impacts in the form of generated revenues supported their general fund.

The consultants that participated in the trip were Scott Free, President of Lusardi Cnstruction (owner of the plane); Kenneth Lounsbury of Lounsbury/Ferguson/Altona/Peak LLP; Peter Luchetti, Managing Director, Table Rock Capital; jeff kinsell, president, Alta Vista Financial; Nick Inzunza, Senior Vice-President, Alta Vista Financial; Paul Schlosberg (Dallas Partner), Alta Vista Financial, and Mike Hodgekinsen, Intern, Alta Vista Financial. Our meetings throughout the day were coordinated through Said Larbi-Cherif, the Director of Bridges for the City of El Paso, and the office of U.S. Congressman Silvestre Reyes (D-El Paso).

The Bridge system is made up of those existing international toll bridges over the Rio Grande River known as the Santa Fe Bridge (downtown); the Stanton Bridge (downtown); and the Zaragoza International Bridge located east of the two downtown Ports of Entry. The tolls on the U.S. side of these facilities are collected for travel in the southbound direction (to Mexico) only and the two bridges that serve the downtown area carry heavy tourist traffic. Tolls are collected in the U.S. side from vehicles and pedestrians traveling in the southbound direction only. Tolls for northbound travel on the bridges are collected in Mexico. The nearest "free" river crossing to the Zaragoza Bridge is nine miles to the northwest and is the Cordova Bridge or Bridge of the Americas, is the largest of the crossings and is toll free, yet one that can cause multi-hour border wait times. The Cordova Bridge is owned and operated by the United States Government and is not part of the Bridge System.

The city of El Paso in an effort to offset the negative fiscal impacts on the city's infrastructure and public safety due to the heavy volume of vehicle and pedestrian traffic, currently the southwest border's second busiest land Port of Entry after San Ysidro-Tijuana, found itself in a unique position to generate general fund revenue from the operation of these three of four international bridges. Factors considered in the projection of revenue estimates were based on annual crossings and the corresponding fees charged. To bring toll charges in line with other international bridges across the border with Mexico, the El Paso City council adopted a fee increase effective last September increasing the pedestrian charge from 35 cents to 50 cents per person and increased the fee from \$2.25 to \$2.50 per vehicle. For fiscal year 2010, the City council also approved seven "toll free" days to promote pedestrian and vehicle crossing and as a marketing tool to offset complaints resulting from the fees increase. Projected revenues to be collected is \$16.6 million with a net of \$4-5 million after improvements and maintenance costs (expenditures) designed to enhance the mission of the department and provide amenities to improve the border crossing experience such as pedestrian shade canopies, benches, landscaping, turnstiles, public art, restrooms, water fountains, plazas, and digital information monitors. The revenues are also implemented to enhance the Mass Transit Stops and Taxi Stands in order to expedite cross border mobility and reduce border wait times.

For the city of Calexico, the improvements to city-owned property leading to the downtown Port of Entry would allow the City to not only provide amenities to pedestrian border crossers, but also project a positive image of the City of Calexico and its citizens and expedite cross border mobility, as well as generating needed revenue to supplement our general fund. GSA is proposing reconfiguration and expansion of the existing land Port of Entry in downtown Calexico. The project includes new pedestrian processing and privately owned vehicle inspection facilities, a new headhouse, and new administration offices. The expanded facilities will occupy both the existing inspection compound and the site of the old commercial inspection facility. Upon our return this morning from El Paso, the group met with Port Director Bill Whitford to ascertain GSA and CBP building plans, and to discuss the feasibility of implementing a "toll" concept for both pedestrians and vehicles traveling southbound into Mexico. Port Director Whitford was supportive of the concept and introductory presentation and further accompanied the group to the Calexico East Port of Entry for further review and study

With the annual border crossings for Calexico averaging between 2006 – 2010 of a low of 8,744,225 to a high of 12,067,031 and the average daily crossings is 33,060 the toll fees could potentially generate \$1-4 million annually to supplement our general fund. With such an impact on economic development, goods movement, job creation and tourism, such a project is an undertaking that is feasible sooner rather than later. A formal presentation will be provided in mid July (20th) to further expand on the process and provide a more detailed elaboration pertaining to planning, fee structure in place, and be ready to build within the 2010-2011 fiscal year. This is an opportunity for the City Council and city government to take the lead by showing the willingness to be the first along the California – Mexico border to implement this project.

For further information on the above commentary please feel to contact me.

Respectfully,

Victor M. Carrillo
City Manager

_____ Information from ESET NOD32 Antivirus, version of virus signature database 5229 (20100625)

The message was checked by ESET NOD32 Antivirus.

<http://www.eset.com>

REQUEST FOR PROPOSALS

PURPOSE

The City of Calexico invites proposals from private development teams interested in partnering (either in the context of a public/private partnership or under the auspices of the Redevelopment Act) with the City for the purpose of analyzing and, depending upon the outcome of the analysis, developing and constructing a toll system at the Calexico/Mexicali border crossings. It is intended that the revenues to be generated from the system would be used, first, for public works projects that improve facilities for border crossers and, second, for the recovery by the City of costs related, directly and indirectly, to the operation of the border crossing system.

FIRST STEP

The initial responsibility of the Proposer and the City or the Redevelopment Agency shall be the conduct of a study to determine the feasibility of improving a toll system at border crossings, and the economic benefits to be generated from the operation of such a system. Feasibility findings shall include an analysis of legal requirements, applicable engineering and construction standards, and multi-agency jurisdictional factors.

SECOND STEP

In the event the study concludes that the development of a toll system meets the communities feasibility requirements, and is deemed to address the communities financial requirements, the Proposer and City or Agency would proceed with the financing, design, development, construction and operation of such a system. This second step of the project may be undertaken in one or more phases including but not limited to— an initial phase focused on the immediate implementation of a toll system, to be followed by the development of subsequent phases enabling more durable, long term improvements to be developed in conjunction with the expansion of the border crossing facilities being designed and constructed by the GSA.

MEMORANDUM OF UNDERSTANDING

Based upon a comparative analysis of the qualifications of the respective proposers, the City will select the most qualified proposer (based upon the criteria listed below) with whom to enter into a Memorandum of Understanding, pursuant to the terms of Government Code sections 5956, et seq., and/or the terms of the California Redevelopment Act. The MOU shall have the purpose of addressing and completing the first step of the process described above – the preparation and completion of a feasibility study.

PUBLIC/PRIVATE PARTNERSHIP and/or REDEVELOPMENT AGREEMENT

In the event that the proposed project is found to be feasible, the City and the Proposer shall define the terms for, and enter into, a Public/Private Partnership Agreement, or an agreement provided for by the terms of the Redevelopment Act, for the purpose of advancing the project.

QUALIFICATIONS

Proposers will be judged, and one will be selected, based upon the ability of RFP respondents to meet the following project needs.

- **Financing:** The successful proposing entity must demonstrate the ability to fully address the financing of one or more project steps to be taken in the project.
- **Legal:** The proposer must have the capability of collaborating with the City and/or Agency in the process of establishing a complete legal foundation for the project, including the design, construction, financing, operations & maintenance of the improvements.
- **Design:** The proposer must demonstrate background and experience in the design of projects at least as complex and costly as the proposed project.
- **Construction:** The proposer must demonstrate background and experience in the construction of projects at least as complex and costly as the proposed project, including the ability to post the necessary completion bonds.

PAYMENTS/REMUNERATION

Each Proposer will be required to pay for its own legal and consulting services. In addition, the Proposer selected by the City/Agency will be required to pay for the feasibility analysis described in the First Step. The Feasibility Study consultant will be chosen by the City. Such cost will not be reimbursable from the City. This amount will be deemed a cost of the proposal submission. However, as to be described and negotiated in greater detail in the MOU, such cost may be recovered from proceeds of the operations of the enterprise.

TIMING

Responses must be submitted to the City and/or Agency no later than August 31, 2010.

The City/Agency shall make and announce its selection no later than September 14, 2010.

It is the purpose of the City/Agency to have a border crossing toll system in place and operational by no later than July, 2011.

SUBMITTALS

Proposers shall submit questions and final submittals to (Identify Staff Person)